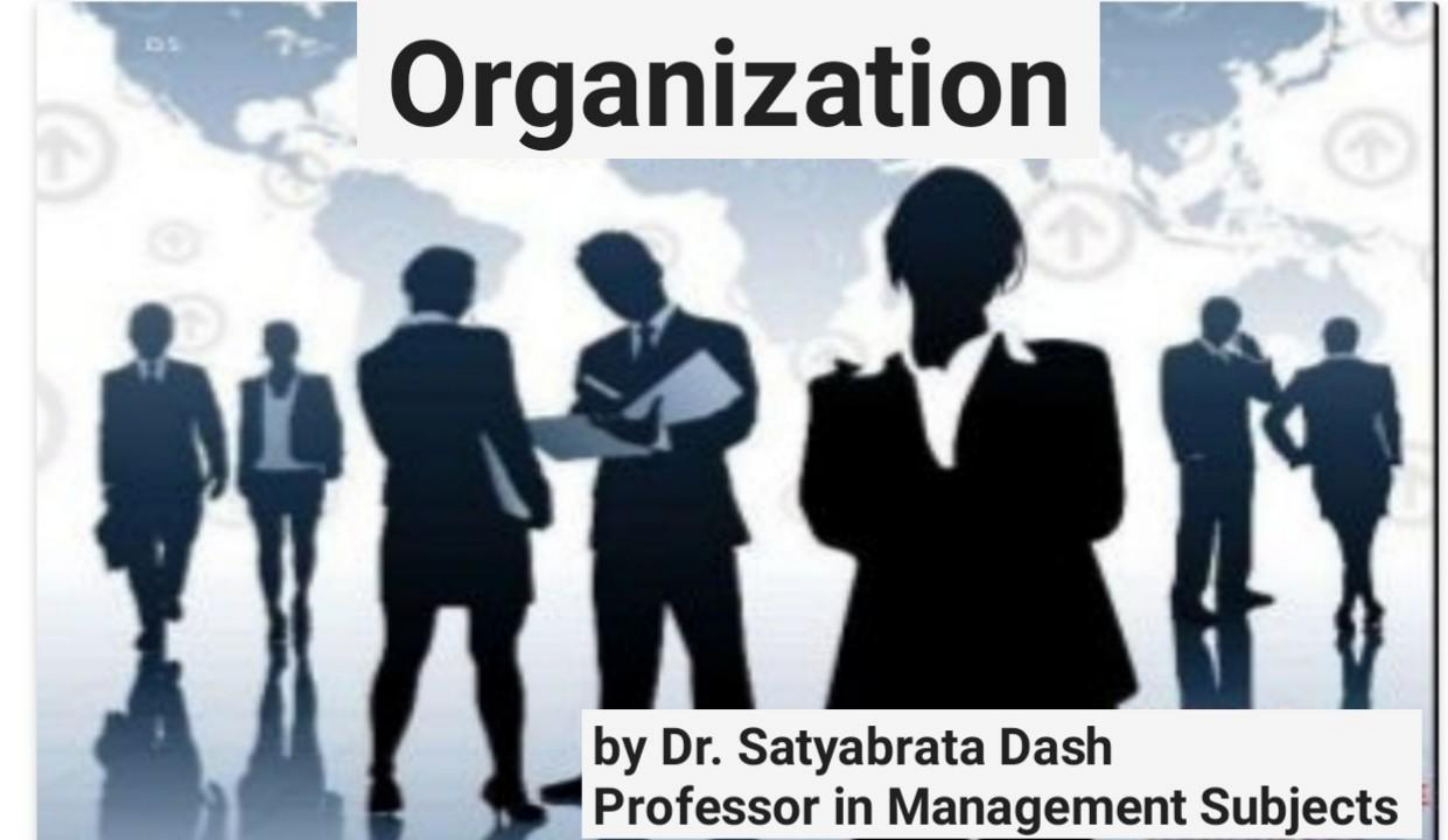


# Organization

The background of the slide features a light blue world map. Overlaid on the map are several dark blue silhouettes of business professionals. In the center, a man and a woman are facing each other, holding and looking at documents. To their left, another man stands with his back to the camera, looking towards the central pair. To the right, two more people are visible, one standing and one partially obscured. The overall theme is professional and organizational.

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# ***ORGANISATION***

- ▶ An organization is a collection of people working together in a coordinated and structured fashion to achieve one or more goals.
- ▶ Organisation is a system of consciously coordinated activities or force of two or more persons  
- *Chester . I . barnard*

## Importance/Significance of Organising an Organisation

- Benefits in specialisation
- Role Clarity
- Optimum utilization of resources
- Co-ordination and effective administration
- Adoption to change
- Expansion and Growth

# **PRINCIPLES OF ORGANIZATION**

### 1. Principle of unity of objectives:

- When there is contradiction among different level of goals desired goals can't be achieved.

### 2. Principle of specialization:

- An employee takes special type of knowledge and skill in any area, it is known as specialization

### 3. Principle of coordination:

- Coordination can be obtained by group effort that emphasize on unity of action.

#### 4. Principle of authority:

- Authority is the kind of right and power through which it guides and directs the actions of others so that the organizational goals can be achieved.

#### 5. Principle of responsibility:

- Only authority is not provided to the people but obligation is also provided. So the obligation to perform the duties and task is known as responsibility.

#### 6. Principle of delegation:

- Process of transferring authority and creation of responsibility between superior and subordinates to accomplish a certain task is called delegation of authority.

## 7. Principle of efficiency:

- When the organization fulfill the objectives with minimum cost, it is effective.

## 8. Principle of unity of command:

- subordinates should receive orders from single superior at a time and all subordinates should be accountable to that superior.

## 9. Principle of span of control:

- This principle thus helps to determine numerical limit if subordinates to be supervised by a manager.

#### 10. Principle of balance:

- The functional activities their establishment and other performances should be balanced properly.

#### 11. Principle of communication:

- Communication is the process of transformation of information from one person to another of different levels.

#### 12. Principle of personal ability:

- For an organization, human resources is important.
- Mainly training and development programs must be encouraged to develop the skill in the employees

### 13. Principle of flexibility:

- Organizational structure must be flexible considering the environmental dynamism.
- Sometimes, dramatically change may occur in the organization and in that condition, organization should be ready to accept the change

### 14. Principle of simplicity:

- The structure of organization should be simple with minimum number of levels do that its member an understand duties and authorities.

## TYPE OF ORGANIZATIONS

# *1. Formal Organization*

- ▶ The formal organization is a goal-oriented entity that exist to accurate the efforts of individuals and it refers to the structure of jobs and positions with clearly defined functions, responsibilities and authorities
  - Formal Organization is a system of consciously coordinated activities of two or more persons toward a common objective.

*- Chester Barnard*



# *CHARACTERISTICS OF FORMAL ORGANIZATION*

## 1. Well defined rules and regulation



## 2. Arbitrary structure



## 3. Determined objectives and policies



#### 4. Limitation on the activities of the individual



#### 5. Strict observance of the principle of coordination



#### 6. Messages are communicated through vertical chain



# *LIMITATIONS OF FORMAL ORGANIZATION*

- ▶ Limited Flexibility
- ▶ Slowness of processing
- ▶ Communication Barrier
- ▶ Quality of decision
- ▶ Slowness in Problem detection & processing



## 2. INFORMAL ORGANIZATION

- ▶ The *informal organization* is the interlocking social structure that governs how people work together in practice.
- ▶ It is the aggregate of behaviors, interactions, norms, personal and professional connections through which work gets done and relationships are built among people who share a common organizational affiliation or cluster of affiliations.
  - “Informal organization is a network of interpersonal relationship that arise when people associate with one another

- *Keith Davis*

## ***BENEFITS OF INFORMAL ORGANIZATION***

- ▶ Work group satisfaction
- ▶ Lighter workload for management
- ▶ practice Better Total System
- ▶ A safety valve for emotions
- ▶ Fill up gaps
- ▶ Channel of employee communication
- ▶ Encourage improved management

# *PROBLEMS ASSOCIATED WITH INFORMAL ORGANIZATION*

1. Resistance to change
2. Role conflict
3. Rumor
4. Conformity
5. Undermine discipline
6. Power politics
7. Interpersonal and intergroup conflicts



# DIFFERENCE BETWEEN FORMAL AND INFORMAL ORGANIZATION

| Point of comparison | Formal organization           | Informal organization               |
|---------------------|-------------------------------|-------------------------------------|
| 1.orgin             | Created deliberately          | Arise spontaneously                 |
| 2.nature            | Planned and official          | Unplanned and unofficial            |
| 3.size              | large                         | small                               |
| 4.continuity        | stable                        | Instable and dynamic                |
| 5.Focus             | Built around jobs             | Build around people and their roles |
| 6.goals             | Profit and service to society | Satisfaction of members             |
| 7.Influence process | Legitimate authority          | power                               |

| Control process | Rigid rules and regulations                                            | Group norms and values                                     |
|-----------------|------------------------------------------------------------------------|------------------------------------------------------------|
| communication   | Official and well-defined paths . One way and slow flow of information | Unspecific channels . Two way and fast flow of information |
| authority       | Positional flow , top to bottom                                        | Personal flow , bottom to up                               |
|                 |                                                                        |                                                            |